

Message Text

UNCLASSIFIED

PAGE 01 MANILA 08240 101126Z

51

ACTION EA-14

INFO OCT-01 ISO-00 SEC-03 JUSE-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 L-03 STR-08

DRC-01 /106 W

----- 067436

R 101028Z JUL 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5112

UNCLAS MANILA 8240

E.O. 11652: N/A

TAGS: EIND, EGEN, RP

SUBJ: LAUREL-LANGLEY: SECURITIES AND EXCHANGE COMMISSION RULING
CONCERNING RETAIL TRADE

1. THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION ISSUED RULING JUNE 10 THAT WOULD PERMIT COMPANY WITH FOREIGN EQUITY TO FINANCE ESTABLISHMENT OF NEW COMPANY TO TAKE OVER ITS RETAIL TRADE OPERATIONS. SEC RULED THAT SINCE FINANCIAL ASSISTANCE WOULD BE TEMPORARY AND SINCE SUCH FINANCING IS NOT THE PRIMARY BUSINESS OF THE COMPANY EXTENDING THE CREDIT, IT WOULD NOT BE CONTRARY TO PROVISIONS OF FINANCING COMPANY ACT (RA 5980).

2. FOLLOWING IS TEXT OF THE RULING:

QUOTE

GENTLEMEN:

YOUR LETTER OF MAY 14, 1974 REQUESTED A RULING WITH RESPECT TO THE EXEMPTION OF THE APPLICABILITY OF THE FINANCING COMPANY ACT (R.A. 5980) TO CERTAIN ASPECTS OF A PROPOSED REORGANIZATION PLAN OUTLINED THEREIN.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MANILA 08240 101126Z

IT APPEARS THAT CORPORATION "A" IS ENGAGED BOTH IN

WHOLESALE AND RETAIL SALES OPERATIONS. LESS THAN 15PERCENT OF ITS CAPITAL STOCK ARE OWNED BY AMERICANS OR NON-FILIPINOS AND THE REST ARE OWNED BY FILIPINO STOCKHOLDERS. UNDER SECTION 1 OF THE RETAIL TRADE NATIONALIZATION LAW (R.A. 1180) ONLY FILIPINO CITIZENS AND ASSOCIATION, PARTNERSHIP OR CORPORATION, THE CAPITAL OF WHICH IS WHOLLY OWNED BY SUCH CITIZENS CAN ENGAGE DIRECTLY OR INDIRECTLY IN THE RETAIL BUSINESS. HOWEVER, UNDER THE LAUREL-LANGLEY AGREEMENT, UNITED STATES CITIZENS AND ENTERPRISES OWNED OR CONTROLLED BY THEM ARE GIVEN THE RIGHT TO ENGAGE IN RETAIL BUSINESS. WITH THE TERMINATION OF THE LAUREL-LANGLEY AGREEMENT ON JULY 3, 1974, THE FILIPINO STOCKHOLDERS OF "A" CORPORATION HAVE DECIDED TO ORGANIZE "B" CORPORATION TO HANDLE THE RETAIL SALES OPERATIONS OF "A" CORPORATION. IN ORDER TO HELP "B" CORPORATION IN ITS ASSUMPTION OF THE RETAIL BUSINESS, "A" CORPORATION WILL INITIALLY EXTEND CREDIT AND FINANCIAL ASSISTANCE TO THE SAME FOR A TEMPORARY DURATION ONLY. YOU REQUESTED CONFIRMATION OF YOUR IMPRESSION THAT SUCH ACT DOES NOT FALL WITHIN THE PURVIEW OF R.A. 5980.

CONSIDERING THAT THE PROPOSED FINANCIAL ACTS OF "A" CORPORATION WOULD BE MERELY TEMPORARY IN NATURE TO ASSURE A SMOOTH TAKE-OVER OF THE RETAIL BUSINESS BY "B" CORPORATION, THE COMMISSION WILL INTERPOSE NO OBJECTION THERETO, THE SAME NOT BEING A PRIMARY BUSINESS OF "A" CORPORATION.

THE COMMISSION, HOWEVER, MAY AT ANYTIME REQUEST "A" CORPORATION TO SUBMIT PROOF AS IS THE TEMPORARY OR EMERGENCY CHARACTER OF SAID ACTS.

VERY TRULY YOURS,

(SGD) ARCADIO YABYABIN
SECURITIES AND EXCHANGE COMMISSIONER

UNQUOTE

SULLIVAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, ECONOMIC ASSISTANCE, LAUREL-LANGLEY AGREEMENT, TRADE AGREEMENTS, NEGOTIATIONS, FOREIGN INVESTMENTS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA08240
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740183-1053
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740762/aaaacaqi.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 OCT 2002 by ThomasVJ>; APPROVED <15 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LAUREL-LANGLEY: SECURITIES AND EXCHANGE COMMISSION RULING CONCERNING RETAIL TRADE
TAGS: EIND, EGEN, RP, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005